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If you have any comments on this draft form, you can submit them to us on our web site. Include the word DRAFT in your response. You may make comments anonymously, or you may include your name and e-mail address or phone number. We will be unable to respond to all comments due to the high volume we receive. However, we will carefully consider each suggestion. So that we can properly consider your comments, please send them to us within 30 days from the date the draft was posted.

**SCHEDULE J
(Form 1040)**

Department of the Treasury
Internal Revenue Service (99)

**Income Averaging for
Farmers and Fishermen**

► Attach to Form 1040 or Form 1040NR.
► See Instructions for Schedule J (Form 1040).

OMB No. 1545-0074

2006

Attachment
Sequence No. **20**

Name(s) shown on Form 1040

Social security number (SSN)

1	Enter the taxable income from your 2006 Form 1040, line 43 or Form 1040NR, line 40	1	
2	Enter your elected farm income (see page J-1). Do not enter more than the amount on line 1	2	
3	Subtract line 2 from line 1	3	
4	Figure the tax on the amount on line 3 using the 2006 tax rates (see page J-1)	4	
5	If you used Schedule J to figure your tax for: • 2005, enter the amount from your 2005 Schedule J, line 11. • 2004 but not 2005, enter the amount from your 2004 Schedule J, line 15. • 2003 but not 2004 nor 2005, enter the amount from your 2003 Schedule J, line 3. Otherwise, enter the taxable income from your 2003 Form 1040, line 40; Form 1040A, line 27; Form 1040EZ, line 6; or Form 1040NR, line 38. If zero or less, see page J-2.	5	
6	Divide the amount on line 2 by 3.0	6	
7	Combine lines 5 and 6. If zero or less, enter -0-	7	
8	Figure the tax on the amount on line 7 using the 2003 tax rates (see page J-3)	8	
9	If you used Schedule J to figure your tax for: • 2005, enter the amount from your 2005 Schedule J, line 15. • 2004 but not 2005, enter the amount from your 2004 Schedule J, line 3. Otherwise, enter the taxable income from your 2004 Form 1040, line 42; Form 1040A, line 27; Form 1040EZ, line 6; or Form 1040NR, line 39. If zero or less, see page J-4.	9	
10	Enter the amount from line 6	10	
11	Combine lines 9 and 10. If less than zero, enter as a negative amount	11	
12	Figure the tax on the amount on line 11 using the 2004 tax rates (see page J-5)	12	
13	If you used Schedule J to figure your tax for 2005, enter the amount from your 2005 Schedule J, line 3. Otherwise, enter the taxable income from your 2005 Form 1040, line 43; Form 1040A, line 27; Form 1040EZ, line 6; or Form 1040NR, line 40. If zero or less, see page J-6	13	
14	Enter the amount from line 6	14	
15	Combine lines 13 and 14. If less than zero, enter as a negative amount	15	
16	Figure the tax on the amount on line 15 using the 2005 tax rates (see page J-7)	16	
17	Add lines 4, 8, 12, and 16	17	
18	If you used Schedule J to figure your tax for: • 2005, enter the amount from your 2005 Schedule J, line 12. • 2004 but not 2005, enter the amount from your 2004 Schedule J, line 16. • 2003 but not 2004 nor 2005, enter the amount from your 2003 Schedule J, line 4. Otherwise, enter the tax from your 2003 Form 1040, line 41*; Form 1040A, line 28*; Form 1040EZ, line 10; or Form 1040NR, line 39*.	18	
19	If you used Schedule J to figure your tax for: • 2005, enter the amount from your 2005 Schedule J, line 16. • 2004 but not 2005, enter the amount from your 2004 Schedule J, line 4. Otherwise, enter the tax from your 2004 Form 1040, line 43*; Form 1040A, line 28*; Form 1040EZ, line 10; or Form 1040NR, line 40*.	19	
20	If you used Schedule J to figure your tax for 2005, enter the amount from your 2005 Schedule J, line 4. Otherwise, enter the tax from your 2005 Form 1040, line 44*; Form 1040A, line 28*; Form 1040EZ, line 10; or Form 1040NR, line 41*	20	
	*Do not include tax from Form 8814 or 4972 or from recapture of an education credit. Also, do not include alternative minimum tax from Form 1040A.		
21	Add lines 18 through 20	21	
22	Tax. Subtract line 21 from line 17. Also include this amount on Form 1040, line 44 or Form 1040NR, line 41 Caution. Your tax may be less if you figure it using the 2006 Tax Table, Tax Computation Worksheet, Qualified Dividends and Capital Gain Tax Worksheet, Schedule D Tax Worksheet, or Foreign Earned Income Tax Worksheet. Attach Schedule J only if you are using it to figure your tax.	22	

